

simplifying our international tax laws; especially in the areas of interest allocation, partnerships, and the European Union.

The business world is changing at an increasingly rapid pace. As we all know, tax laws have failed to keep up with the rapid changes in the world technology and economy. Neither one of us is under any illusion that the measure which we introduced removes all complexity or breaks bold new conceptual ground. We believe, however, that the enactment of this legislation would be a significant step in the right direction. The legislation would enhance the ability of America to continue to be the preeminent economic force in the world. If our economy is to continue to create jobs for its citizens, we must ensure that the foreign provisions of the United States income tax law do not stand in the way.

The focus of the legislation is to put some rationalization to the international tax area. In general, the bill seeks in modest but important ways to: (1) simplify this overly complex area, especially the foreign tax credit and the various antideferral mechanism; (2) encourage exports; (3) enhance U.S. competitiveness in other industrialized countries. And it seeks to achieve these objectives in a revenue-conscious manner.

Specifically, the provision regarding the Subpart F exception for active financial services income is based in large part on the one-year rule embodied in H.R. 2513, the House passed bill that resulted from lengthy negotiations between the Treasury Department and the financial services industry. The bill's provision are not intended to replace the one-year rule in H.R. 2513 that could well be enacted this year. Rather, the bill includes additional options that taxpayers would like to see in a permanent rule, to facilitate discussion regarding the parameters of a permanent rule that would effectively level the playing field with respect to our foreign competition.

Furthermore, the bill allows deferral for cross-border income received by controlled foreign corporations engaged in the active conduct of a banking, financing, or similar business, under narrowly defined circumstances that are designed to preclude opportunities for excessive "mobility" of income. The first safeguard is the requirement that income eligible for deferral must be derived from a transaction with a "customer;" the definition of a customer (which is identical to the definition prescribed under proposed treasury regulations dealing with passive foreign investment companies) would not permit a related-party transaction to qualify if one of the principal purposes for such transaction was to satisfy the underlying provision. Second, the requirement that employees meet a "material participation" test will reinforce the "active" nature of the covered activities. Thus, corporations holding passive investments would be precluded from relying on the rule.

The law as now constituted frustrates the legitimate goals and objectives of American business and erects artificial and unnecessary barriers to U.S. competitiveness. In addition, the law stands as a monument to the act that the conceptual complexity of man as applied to the Internal Revenue Code knows no limits. Neither the largest U.S. based multinational companies nor the Internal Revenue Service is in a position to administer and interpret the mind numbing complexity of many of the foreign provisions. Why not then move toward

creating a set of international tax rules which taxpayers can understand, and the government can administer?

In summary, therefore the proposed changes we believe represent a creditable package and a "down payment" on further reform in the international tax area. We ask you to join us, in this bipartisan effort, by supporting our legislation.

EXPLANATION OF VOTE ON H.R. 4103

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. CRANE. Mr. Speaker, on the evening of Wednesday, June 24th, I was away from the Capitol complex and was not notified of an impending vote. As a result, I was unable to record my vote on rollcall No. 266. Had I been present, I would have voted for H.R. 4103, The Department of Defense Appropriation bill. Indeed, I must compliment my colleague BILL YOUNG, Chairman of the Appropriations Subcommittee on National Security, for his fine work on this legislation. There is no more important appropriations bill considered by Congress than the bill providing funding for the defense of our nation, and nobody takes his responsibility more seriously than Chairman YOUNG. I look forward to Chairman YOUNG bringing back a conference report mirroring the priorities in the House version of H.R. 4103, and, assuming that to be the case, I will proudly cast my vote in support of this legislation at that time.

HONORING MAUREEN WALKER

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. ENGEL. Mr. Speaker, public service, when done honestly and done well, is the noblest of callings. Thus, I rise to honor a public servant who shows that definition to be true.

Maureen Walker has demonstrated unwavering integrity and an ardor for fiscal responsibility as Comptroller of the City of Mount Vernon. She has also shown a dedication to helping others throughout her community.

Her success has the quality of myth surrounding it. She was born in a village in Guyana to Caleb and Mildred Headley and perhaps it was living in a village that gave her the strong sense of community service that she has shown in her adoptive country.

She came to America and attended Brooklyn College, graduating Magna Cum Laude and received scholarships from Chase Manhattan and the National Association of Black Accountants. Maureen is a Certified Public Accountant with more than ten years experience. She was a senior financial analyst with Equitable Life Assurance and an auditor with Arthur Anderson & Company before becoming Mount Vernon's gain.

She has received numerous awards and has served on the Board of Estimate, the Urban Renewal Agency, the Board of Assessment and Review and, of course, on the

Board of Junior Achievers. She is also a member of the Board of the Community Aid Club.

Working with Maureen over the years I came to appreciate her ability and dedication. She gave herself to helping her community. Mount Vernon is better not only because she has served as its Comptroller, but especially because she lives there and cares.

HONORING PAUL O'DWYER

HON. NYDIA M. VELÁZQUEZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Ms. VELÁZQUEZ. Mr. Speaker, it is with great sadness that I rise today to recognize the passing of Paul O'Dwyer. Paul was a man of unquestioned principle who selflessly devoted his life to promoting understanding. His loss will be felt not only in New York but also around the world.

Born on an impoverished farm in Ireland, Paul O'Dwyer's humble beginnings awakened in him a desire to help those less fortunate. Subsequently, he became a champion for the underdog and a tenacious fighter for social justice. In his native country, Mr. O'Dwyer actively promoted a peaceful resolution to the conflict which plagued northern Ireland.

Upon arriving in this country, he immediately sought to correct the injustices he saw around him. Mr. O'Dwyer defended workers, teachers and civil-rights activists accused of Communist sympathies. He also helped register black voters in Mississippi during the civil rights movement.

Paul O'Dwyer's popularity among the common man helped him get elected to the New York City Council in 1963. He served as president of this organization from 1973 to 1977. Despite the constraints on his time, Paul remained a progressive leader of the Irish community in New York.

Perhaps Mr. O'Dwyer will be best remembered for his work with the United Nations, where he served as a liaison between countless diplomats and the City of New York. His ability to find common ground between New Yorkers and representatives from around the world earned him universal respect and admiration.

Mr. Speaker, yesterday New York lost a remarkable individual. This country and indeed the world could use more people like Paul O'Dwyer.

LITTLE THEATER HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to the Little Theater of Wilkes-Barre, Pennsylvania. This week the Little Theater will celebrate its 75th anniversary; it is believed to be possibly one of the oldest community theaters in the country. I am honored to have been asked to participate in this important celebration.

The Little Theater has been providing quality entertainment in Northeastern Pennsylvania since it was organized in 1922. The Theater's

original founders were some of the most prominent families in the area, including Mrs. Simon Long, Mrs. Frank G. Darte, Mrs. Ernest G. Smith, Annette Evans, Daniel W. Davis, Todd Rippard, Bernard Burgunder, Brandon Gearhart, Rajjean Breese, and Leonard Parkhurst. With no building of its own until 1957, the first performance of the new group was performed at what was then Wilkes-Barre High School.

The Little Theater was established for the purpose for the purpose of stimulating local interest in the performing arts. In addition to producing first-rate shows, the Theater provides training for people of all ages. The Theater has sponsored a workshop specifically for high school students for the last 12 years.

The Little Theater stage has hosted such noted artists as actor James Karen, Tony Award-winner Santo Loquasto, film designer Maher Ahmad, founder of the Pennsylvania Ballet Society Barbara Weisberger, and even Judge Harold Flannery and the late Congressman Daniel Flood and his wife, Catherine.

The Little Theater's tradition of excellence is continued today by General Manager Walter S. Mitchell Junior, Artistic Director Ann Marie Kopec, and Technical Director Christine E. Rook. Their efforts are supposed by the current members of the Little Theater's Board: Joe Lucas, Bonnie Biros, Barb Wilson, Lisa Y. Fink, Deb Kolojechick, Mary Ann Ulichney, Chet Newhart, and Marge Dewees.

Mr. Speaker, the Little Theater has produced more than 300 Broadway-style productions since its inception. It is the only community theater in Northeastern Pennsylvania with full orchestration in its musical productions. I am extremely pleased to be able to join with the community in thanking the Little Theater of Wilkes-Barre for 75 wonderful years. I send my sincere best wishes for the little Theater's continued success.

HAPPY 100TH ANNIVERSARY
SAGINAW COUNTRY CLUB

HON. JAMES A. BARCIA

OF MICHIGAN

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. BARCIA. Mr. Speaker, Americans have always taken maximum advantage from opportunities to join together in matters of common interest, and have used clubs for the benefit of the membership and the community. One such organization, the Saginaw Country Club will this week celebrate its 100th anniversary.

Charles H. Davis, a devotee of golf, formed the Saginaw Country Club on October 11, 1898 with his fellow townsmen. The club operated with its gentlemanly understandings until the Articles of Incorporation were filed on October 1, 1901. Over the years, the club grew from its 100 members and nine-hole old course to add tennis, croquet, shooting traps, and a race track. An additional nine holes were opened in May, 1912, and the Club was the site of the first State Golf Tournament in 1913. Further expansions, modernizations, and remodeling over the years brought the Club to the outstanding status that it has today.

The philosophy of the Club is an enviable one. Every member is absolutely equal. The Club is a place of relaxation, not a place of business. Everyone is encouraged to be actively involved in their communities, and to support philanthropic endeavors, but such activities are not on-going designed actions for the Club. The President serves for but a single term so that over time there is ample opportunity for leadership to be passed among the members, and not become the mainstay of a limited group.

Mr. CAMP. Mr. Speaker, I join my colleague in recognizing the Saginaw Country Club on its 100th Anniversary. Over the past 100 years this club has offered recreation and an escape for its members. The Saginaw Country Club has grown and changed over the years—but has always remained a special place. It has been host to some of the great golf legends—such as Arnold Palmer, Ben Hogan, Byron Nelson and Jimmy Demaret. Carved out of land from the oldest part of Saginaw—the Country Club continues to host one of the oldest invitational golf tournaments in the State of Michigan. This rich history is what makes Saginaw Country Club's 100 years of existence so interesting.

Today, it remains an intricate part of its community and maintains an excellent reputation for the many activities offered. From holding annual 4th of July festivities for families and sponsoring championship swimming teams—the Country Club plays an important role in its surrounding community. As with any organization, there have been countless memories associated with the Country Club over the past 100 years. Through this club, the members have developed friendships and enjoyed special events. The Country Club continues to grow—while not sacrificing the characteristics that made it what it is today.

This weekend friends of the Country Club will come together to reflect on the past 100 years. They will remember special times and look forward to many more to come. So as the Country Club's famous bridge links its front nine to the back nine—it will also continue to bring many different age groups together for years to come. It is this linkage that will maintain its rich tradition and heritage. We wish the Saginaw Country Club many years of continued success.

DISTURBING PANAMANIAN
REALITIES

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. CONYERS. Mr. Speaker, the U.S. has been intimately connected to events in Panama for one hundred years. If anything, this relationship has intensified in recent years, as the time approaches for the reversion of the Canal Zone back to the people of Panama on the last day of this century. But rather than it being a happy occasion, considerable apprehension seems to exist among the average Panamanian whether local authorities will be able to effectively administer the Canal. Anna M. Busch, a researcher with the Washington-based Council on Hemispheric Affairs has authored an article scheduled to soon appear in COHA's biweekly publication. *The Washington*

Report on the Hemisphere. In her article, Busch cites the disturbing case of Dr. Miguel Antonio Bernal, a highly regarded Panamanian professor of international law, who has had an exemplary history of being a gadfly in defense of democracy against a long line of authoritarian figures, including General Manuel Noriega, for which he had to flee the country.

Because of the transcending importance to the U.S. of the well being of the Panamanian people, and the desire of all Americans to see an effective transition in the return of the Canal Zone to Panama as stipulated under the terms of the Carter-Torrijos Treaty of 1977, I urge my colleagues to closely examine the Council on Hemispheric Affairs article authored by Anna M. Busch for its important insights into a series of issues, including the multinational drug facility, which is now being negotiated with Panamanian authorities.

DISTURBING PANAMANIAN REALITIES

(By Anna Marie Busch)

As a result of the 1977 Carter-Torrijos Canal treaties, the U.S. is in the middle of the process of handing over the last vestiges of control over its Canal Zone facility, which must be transferred to local authorities by December 31, 1999. As it readies to do so, thousands of U.S. military personnel have left the country and the Southern Command already has moved its headquarters to Miami. But, the questions being raised by many Panamanians are whether Panamanian President Ernesto Perez Balladares, whose government has been plagued by charges of nepotism, drug cartel links, and human rights violations, is capable of taking charge of canal operations, or, for that matter, deserves to remain in office for another term. Apparently, many Panamanians have grave doubts, at least on the first point, with recent polls indicating that 70% of the population favors the facility to remain under some form of U.S. supervision.

PETTY PANAMANIAN POLITICS

Former Vice-President Richardo Arias Calderón observed in the *New York Times* last September, "whoever is in power for the next term will have the opportunity to take some big decisions and grant some important contracts. That generates economic power, and if not done transparently, offers ways to favor certain economic interests and law firms." Arias' prophesy and the poll regarding the future status of the canal, reflect genuine misapprehensions by Panama's citizens over the country's lack of civic rectitude and the grave doubt which many of them entertain regarding the personality and performance of President Perez Balladares.

Although the Panamanian constitution bars any incumbent from serving two consecutive terms and mandates a ten year interval before a candidate could qualify for reelection, Perez Balladares, following the disquieting trend among Latin American presidents like Peru's Fujimori, Brazil's Cardoso, and Argentina's Menem, is moving a proposed referendum through the legislature, which is controlled by his party. The supplemental bill, expected to pass in August, would allow him to run for reelection when the canal's transfer takes place. Not leaving matters to chance, four of the eleven board of directors chosen by the ruling Democratic Revolutionary (PRD) leader to oversee the control of the canal, are relatives of either Perez Balladares or his wife.

The referendum, which many Panamanians consider unconstitutional, has caused a vocal outcry among many scholars and other critics of the Perez Balladares government. One prominent analyst, Dr. Miguel Antonio